



**UNIVERSITI PUTRA MALAYSIA**

**ANALYSING SERVICE QUALITY IN THE EDUCATION INDUSTRY**

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**GSM 2000 3**

# **ANALYSING SERVICE QUALITY IN THE EDUCATION INDUSTRY**

**By**

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Thesis Submitted in Fulfilment of the Requirements for the  
Degree of Master of Business Administration in the  
Malaysian Graduate School of Management  
Universiti Putra Malaysia

May 2000



## **ABSTRACT**

An abstract of the project paper presented to the Malaysian Graduate School of Management for the partial requirement for the Degree of Master of Business Administration.

## **ANALYSING SERVICE QUALITY IN THE EDUCATION INDUSTRY**

by

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**May 2000**

**Supervisor: Assoc. Prof. Dr. Ahmad Shuib**

This study examines the dimensions of service quality in the education industry by extending the SERVQUAL scale to include new items that specifically pertain to the education industry. The model is subsequently referred to as EDUQUAL. A total of 400 questionnaires were distributed among 3 stratified groups of BBA Executive students by their year of study. Self-administered questionnaires were distributed to respondents during March to April of 2000 and a response rate of 46 per cent was achieved. The use of one-column format questionnaire produced highly valid and reliable data set. Key findings of the study are those four dimensions in the education industry, relating to employees, tangibles, empathy and reliability represent service quality. The major implication for managers is that improvements in the tangibles are most likely to enhance consumer perceptions of service quality.

## **ACKNOWLEDGEMENTS**


Many thanks I would like to extend to Associate Professor Dr. Ahmad Shuib in guiding me to complete this thesis.

Sincere gratitude also goes to the BBA executive programme team members to allow and assist me in conducting my study.

Appreciation to friends and family members who were of great help in giving me the support I needed to make this project a reality.

## **APPROVAL**

It is hereby certified that I have read this project paper entitled “**Analysing Service Quality In The Education Industry**” by **Sridar Ramachandran** and in my opinion it is satisfactory in terms of scope, quality and presentation as partial fulfilment of the requirement of the degree in Master of Business Administration.

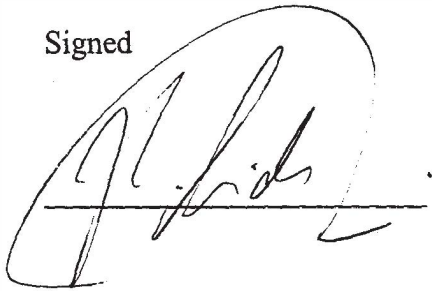
  
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## DECLARATION

I hereby declare that the project paper is based on my original work except for quotations and citations, which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or other institutions.

Signed

A handwritten signature in black ink, appearing to read 'SRIDAR', is written over a horizontal line.

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**LIST OF ABBREVIATION**

|              |  |
|--------------|--|
| <b>ANOVA</b> | <b>Analysis of variance</b>                    |
| <b>ASS</b>   | <b>Assurance</b>                               |
| <b>BBA</b>   | <b>Bachelor of Business Administration</b>     |
| <b>CGPA</b>  | <b>Cumulative grade point average</b>          |
| <b>DV</b>    | <b>Dependent variable</b>                      |
| <b>EMP</b>   | <b>Empathy</b>                                 |
| <b>IV</b>    | <b>Independent variable</b>                    |
| <b>MBA</b>   | <b>Master of Business Administration</b>       |
| <b>PTPL</b>  | <b>Pusat Tinggi Pendidikan Lanjutan</b>        |
| <b>REL</b>   | <b>Reliability</b>                             |
| <b>RES</b>   | <b>Responsiveness</b>                          |
| <b>RM</b>    | <b>Ringgit Malaysia</b>                        |
| <b>SPM</b>   | <b>Sijil Pelajaran MAlaysia</b>                |
| <b>SPSS</b>  | <b>Statistical package for social sciences</b> |
| <b>STPM</b>  | <b>Sijil Tinggi Pelajaran Malaysia</b>         |
| <b>TAN</b>   | <b>Tangibles</b>                               |
| <b>TQM</b>   | <b>Total quality management</b>                |
| <b>UPM</b>   | <b>Universiti Putra Malaysia</b>               |

## **CHAPTER I**

### **INTRODUCTION**

#### **Background to the research**

In quality management , the focus is on the customer. Products and services are generated to satisfy the customer, even to “delight” the customer, and certainly to be “fit for the purpose” defined by the customer. In the manufacturing sectors of business, the product is a tangible artifact, a motor car, a refrigerator, or a television set. More significantly, the occupant of the role of customer is easily defined: the individual who purchases the product.

The customer for the “product” of a service organisation is also easy to define. If the service is, for example, banking, insurance, or medical care, the recipient of the service, whether purchased directly or not, is the customer. In the examples given, there will be some general understanding of the quality of the service regarded as acceptable. However, in the event of a dispute, there might be some divergence between supplier and customer as to the precise definition of the word “satisfactory”. In other areas of service supply, the nature of the service might need more precise definition.

## **Quality and education**

The concepts of accountability and of effectiveness and efficiency have been in the forefront of the policies of the Malaysian government in recent years, particularly with respect to those parts of the public sector activities which consume significant amounts of tax revenue. Though the concepts may not have penetrated the activities of government itself, they have certainly reached the education sector. It is the application of quality management and quality assessment concepts to the education sector that is of concern of this research.

The education system in Malaysia until the late 80's has been pre-dominated by the public sector. Great demand for higher education has given allowance for private sector to play an essential role in the education system towards the new millennium. Thus, to compete in the fast growing education market, one has to be effective and efficient in delivering the educational services without compromising the education quality.

Hence, this research wishes to examine the current system within Malaysia, and assess to what extent it addresses the concepts of quality approach, and to what extent it is effective and efficient. However, to do this it is helpful to identify some key features of the education system, to establish whether it matches a product- or a process-based model, and who could be defined as the customer. This was the subject of a previous paper (Reavill, 1997a), which attempted to model the university education process in product and process terms, or in service and process terms. This

exercise and its outcome will now be revisited. For simplicity, the education of undergraduates in the UPM will be used as the basis of the analysis.

### **Research problem**

Approaches to quality in higher education have been characterized by a growing uniformity of methodology which incorporates various combinations of the three basic elements: self assessment, peer evaluation and statistical performance in the traditional practice whereby quality is focused from within; autonomy and accountability.

There has been very little emphasis been given on how the customers perceive of the quality of the higher learning institutions. The traditional approach does not give much consideration of the customers expectations and needs. As higher learning institutions are becoming more competitive with the emerging market growth, it is crucial to maintain the quality of education. It is essential to look into how the quality of service is being delivered. As students pay a greater share of the costs of their education, they will expect universities to provide the services they demand in the market at large; that is better service, lower prices, higher quality and a mix of products that satisfy their own sense of a good education( Zemsky, Massy, & Oedel, 1993). Although the above statement reflects the Australian education sector, it is time for us to be pro-active and look into this matter sooner since Malaysia is also a nation which is soon to be a education hub for this region.

Thus, the problem this research will tackle is to find out what the customers (the students) are expecting from the service providers (the higher learning institution). Universities will need to strike a new balance between teaching, research, learning and service. The method known as SERVQUAL that has been used widely in other service sectors will be applied in this research to tackle the above-mentioned problem. The SERVQUAL questionnaire will be distributed amongst the BBA executive students. Factor and regression analysis will be carried out to determine the applicability of this model.

#### **Justification for the research**

Quality has always been an issue within the higher education sector in Malaysia. However the last decade has seen the issue of quality in higher education brought to the forefront of political agendas, as governments and communities demand higher education institutions be more accountable for their efforts.

Demands for accountability and performance are likely to increase as a result of the developing market driven economy. As a result higher education institutions must take the opportunity to pause and reflect critically on this issue . Quality as it relates to higher education institutions seems not only desirable, but also essential.

Thus, by conducting this study we will be able to identify the variables involved in the education industry in general and the Malaysian scenario in particular. The findings will enable us to provide higher level of satisfaction among students which would enhance both the education business and quality.

## **Research Objectives**

The objective of this study includes:

- 1 Testing the reliability and validity of a customised SERVQUAL model
- 2 Establishing the number of dimension of service quality in the education industry
- 3 Determining which dimension is the best predictor of overall service quality

If higher education institutions now and in the future are to realise their quality agendas, then they must move beyond current models of institutional level, external quality monitoring and assessment. Institutions must work hard to develop cultures of critical inquiry, focused on continuous quality and process improvement. They must ensure that quality processes and outcomes are central to the vision, goals and priorities of all staff and organisational units.

Thus, developing service quality does not only rely on how our customer(students) perceive us to be, but how we as an organisation can build the service quality from within the organisation.



## **CHAPTER II**

### **LITERATURE REVIEW**

#### **Introduction**

Organizations face constant and increasing service challenge to deliver added value, and focus on the customer. To meet these challenges, progressive organizations seek intimate and constant customer contact up to the extent of involving customers themselves in this design process.

There are no grand unified theories of success in service management. It would be hard to argue any kind of universal success prescription in any kind of organization. But services, so dependent on human interaction and perception of quality, defy categorization.

#### **Operational definitions**

##### **Product/process model**

The assumption of this model is that the education of undergraduates is a process, which produces a product. The model follows a production analogy, as with consumer goods such as cars, refrigerators and television sets. The inputs are students of potential capability; a transformation process, education, is performed on them, and the products, which are called graduates, are the output. The raw materials

for this process are obtained from a variety of sources, but the major sources of supply are still the secondary schools which run courses such as the Sijil Tinggi Pelajaran Malaysia(STPM) and Sijil Pelajaran Malaysia(SPM).

Even so, as the capacity of the processing system has recently been substantially increased, there is considerable demand on the supply base. Consequently, many processors (universities) are investigating other sources of supply such as mature students, those with commercial or industrial experience, or other products of the supply system, the secondary education sector.

The customer in this model can easily be identified. Who buys the product? Essentially, the purchaser is the employer. Thus, in the process/product model, university education is a transformation process by which the inputs from a collection of suppliers, largely the secondary education sector, are converted to quality tested products and sold to customers, the employers. With supply being greater than demand at present, the customer has the advantage, and is spoilt for choice.

### **Service/process model**

An alternative model follows a service industry analogy. Education is the service, and a person wishing to improve his or her level of education, (the student), can purchase sufficient quantities of this commodity to transform themselves to graduate status. Numerous organisations (universities), are available in the market to provide the service in a wide variety of formats. The student may also pay for the service

directly, and therefore in every sense be the customer. Some other party may purchase the service on behalf of the student partly or wholly. The extent to which students are successful in their use of the service will vary. However, regardless of who pays the bill, or how well the service is used, the user of the service is the student, who is thereby identified as the customer.

### **Quality**

The key issue is the lack of thought given to what exactly is meant by “quality” in the context of higher education. There are implicit assumptions and widespread adoption of rhetoric such as ‘fitness for purpose’, ‘value for money’ and ‘transformation’ (Harvey and Green, 1993). For the purpose of this research, the definition of quality by the International Standards Organisation, 1986, is used. The definition states:

“Quality is about customer satisfaction or the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs”.

### **Service**

Early writings( Gronroos, 1982; Lehtinen and Lehtinen, 1982; Lewis and Booms, 1983; Sasser et al., 1978) have suggested that service quality stems from a comparison of what customers feel a seller should offer(that is, their expectations) with the sellers actual service performance. The notion that service quality function of the expectations-performance gap was reinforced by a broad based exploratory study conducted by Parasuraman *et al.* (1985). Based on this study, Parasuraman *et al.* defined service quality as the degree and direction of discrepancy between customer’s service perceptions and expectations.

The recognition of the pivotal role of service quality in the implementation of services marketing programmes is not new. In an era of intense competitive pressures, service organizations of all sizes, ranging from independently owned restaurants to regional travel agencies to national banks, realize that attaining customer satisfaction through delivery of quality services is a key to their survival.

Having a loyal base of satisfied customers increases sales, reduces costs, improves bottom lines and builds market shares. Not surprisingly, service providers increasingly direct their strategies towards improving customer satisfaction and loyalty through enhanced service quality. The road to delivery of service quality, however, is full of challenges and includes numerous hurdles that have to be carefully surmounted.

If service delivery is to be improved on an ongoing basis and increasing value for money sought in public service provision, there is a need for a structured approach to measure, monitor and prioritize. This approach has to become part of everyday operations and be part of organisational culture if it is to succeed (Wilkinson et al., 1998). Piecemeal and fragmentary efforts are more often than not overtaken by events that lead to losses of sustainability over time. This has tended to be the case with a number of failed or sub-optimised total quality management (TQM) initiatives over time ( Seddon, 1997).

Hence, these literature search intents to study the area of service quality in relation to assess the education industry. First focusing on the concepts of quality and service, we will then introduce education and consider how the three intertwine.

Quality and service are closely linked but for the purpose of understanding the link it is first necessary to distinguish between the two. Horowitz (1990) defines quality as: the minimum levels of service, which a firm chooses to provide in order to, satisfy its target clientele. At the same time it is the degree of consistency the firm can maintain in providing this predetermined level of service.

Service, as a concept is more difficult to define. This is because it relates to different factors, principally that of price and the expectations of consumer. It is therefore by its nature subjective. The perception of a service level will vary according to an individual's socio-cultural grouping, age and lifestyle. These factors combined with the price of a service and the reputation of the company will influence the individuals expectations which in turn will determine the perception of a service in terms of how it rates on a good and bad scale (Gnoth, 1993; Bennett, 1993).

## Characteristics of service

The subjectivity of service is further compounded by its intangibility. Service cannot be seen, touched or taken to show someone else. It is a short-lived phenomenon pertinent only to the moment. Table 1 below outlines the characteristics of service:

**Table 1: Characteristics of service**

|  |
|--|
| <ul style="list-style-type: none"><li>• It is intangible. It cannot be easily measured.</li><li>• It cannot be taken away to show someone else.</li><li>• On being provided service, the customer has not acquired anything. It does, however, have added-value importance by way of after-sales support, pre sales service and financial assistance.</li><li>• It is difficult to standardize service</li><li>• Service is perceived differently by:<ul style="list-style-type: none"><li>• Different people in the same group;</li><li>• The same person at different times;</li><li>• People from different social cultural groups;</li><li>• People with different levels of knowledge /experience.</li></ul></li><li>• Perceptions relate to expectations</li></ul> |
| <b>Source:</b> Adapted from Time Management International (1983)   |

All too often the perception of service differs from the expectation thereby creating a gap and a problem for the provider (Gronroos, 1988; Horowitz, 1990). This thesis was expounded by Zeithaml, Parasuraman and Berry (1985) and led to the development of a service model. This model was further developed by Gilbert and Joshi (1992) who identified five gaps in service delivery:

- Gap between consumer expectation and management perception;
- Gap between management perception and service quality specifications;
- Gap between service quality specifications and service delivery;
- Gap between service delivery and external communications;
- Gap between perceived service and delivered service.

Such gaps need to be bridged if the service potential is to be fully exploited.

The broad term 'service' can be subdivided into two thereby assisting the quest for a definition (Bennett 1993).

### **Technical Service**

This form of service is also known as 'material' and relates to tangible aspects, which include equipment, resources, staffing, information, etc. In turn these factors can be assessed on the basis of price, quantity and timing.

### **Personal Service**

Also referred to as 'functional', it is this type of service, which is most readily associated with customer service. It is, in essence, the human interface between consumer and producer whereby the service provided attends to the needs of the

individual. Various factors are at work here including promptness, knowledge, courtesy, accuracy and of course personal attention. It is these features which are characteristically intangible and subjective making assessment considerably more hazardous.

Combining the two types of service results in a more holistic approach. Parasuraman, Zeithaml and Berry (1990) define service quality on the basis of ten dimensions used by consumers in evaluating service: tangibles, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the consumer.

Lehtinen and Lehtinen (1985) suggest the use of three components in measuring service quality: physical quality(tangible aspects), corporate quality ( company image/reputation), and interactive quality ( interaction between service providers and recipients). Along a similar line of thought Sasser, Olsen and Wyckoff(1978) identified three dimensions of service performance: levels of materials, facilities and personnel. Both forms of service therefore need to be recognised and measured for a complete appreciation of service.

While both forms of customer service are undoubtedly important it is the personal service which is critical ( Bitner, Nyquist and Booms, 1985; Bennett, 1993). This partly stems from the fact that it is generally assumed that the material service will be up to standard while the personal service is more variable involving individual responses to individual requests. The importance of front-line staff in any organisation cannot therefore be overstated as it is these people



who communicate either face to face or voice to voice with the consumer, and so it follows that these people who represent the company largely determine the type of service which is offered.

As a service industry the education industry has no product as such to promote. The product is a service and has a number of associated characteristics.

### **Intangibility**

As the product cannot be touched, it is experience which matters. A student's experience in the classroom from whether or not the room is opened on time for lecture until the chairs, tables, air condition, registration for the course, timeliness of the class, black/white board, lecturer's performance all involve service. If at any stage in the consumer's experience the service is poor then this will affect the level of satisfaction and future behaviour, i.e. by not turning up for the class, dropping the course if it is not a core subject or if serious situation arise even shifting from one university to another.

### **Perishability.**

Although a service such as attending a seminar/lecture may be experienced by the same person numerous times, each experience is unique. Therefore, there is great emphasis on the need to provide a consistently good service such that every experience is a pleasant one